

**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

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**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

State Capitol, Room 113  
Sacramento, CA

Minutes of Meeting  
August 23, 2007

**COMMISSIONERS PRESENT**

Cathie Bennett Warner  
Michele Burton, M.P.H.  
Wilma Chan  
Jerome Horton  
Nancy McFadden  
John Longville

**COMMISSIONERS ABSENT**

Vicki Marti

**CMAC STAFF PRESENT**

Keith Berger, Executive Director  
Paul Cerles  
Denise DeTrano  
Holland Golec  
Mark Klobardanz  
Katie Knudson  
Genaro Rodriguez  
Steve Soto  
Becky Swol  
Mike Tagupa

**EX-OFFICIO MEMBERS PRESENT**

Toby Douglas, Department of Health Care Services  
John Fitzpatrick II, Department of Finance

**EX-OFFICIO MEMBERS ABSENT****I. Call to Order**

The August 23, 2007 open session meeting of the California Medical Assistance Commission (CMAC) was called to order by Chair Cathie Bennett Warner. A quorum was present.

**II. Approval of Minutes**

The August 9, 2007 meeting minutes were approved as prepared by CMAC staff.

### **III. Executive Director's Report**

Keith Berger, Executive Director, informed the Commissioners that the Legislature passed a state budget earlier this week and it has gone to the Governor's desk for blue-penciling and signature. Reports in the press are that the Governor will sign the budget by the end of this week, and that staff will provide Commissioners with final summary information on the Medi-Cal portion of the signed budget when it becomes available. Mr. Berger noted that the Controller's Office has also sent a letter stating that they hope to process the current backlog of unpaid claims within 7-10 days after the budget is signed.

As discussed at the last meeting, Mr. Berger said, staff moved forward to initiate implementation of Round 3A of the Private Hospital Supplemental Fund, the first part of the FY 2007-08 supplemental fund process. Letters were mailed to the potentially eligible hospitals at the beginning of last week. He noted that the template letter and attachments, as well as the proposed schedule, were put on the CMAC website last week. Staff has already started receiving responses and intent to participate forms from the hospitals, and they are all due to CMAC by the end of next week.

Mr. Berger explained that staff hopes to move the Round 3A negotiations along quickly and have amendments before the Commissioners for review and action at the second meeting in September. By statute, the first supplemental payments cannot be made until after the tentative Disproportionate Share Hospital (DSH) list for FY 2007-08 has been issued by the Department of Health Care Services (DHCS). Fortunately, DHCS has just completed the list, so once the Round 3A amendments are approved by the Commission, DHCS can move forward to make the initial payments without delay.

After DHCS has received and reviewed feedback from hospitals regarding data used in tentative DSH calculations, Mr. Berger indicated that they will develop and issue a Final DSH List for the year. Mr. Berger noted that for a hospital that is on the tentative list and receives a Round 3A supplemental payment, but does not appear on the Final DSH List, DHCS will need to recoup that payment. For a hospital that appears on the Final DSH List, but was not on the tentative list that was just issued, CMAC will include them in the Round 3B process and address their supplemental needs for the full fiscal year.

Mr. Berger reminded the Commissioners that the next CMAC meeting will be September 13. He said that this is another one of CMAC's three-week gaps between meetings. The recommended contracts and amendments for that meeting will be sent to the Commissioners next week in time to meet the 15-day regulatory notice requirement.

Mr. Berger informed the Commissioners that there was a full closed session agenda. There are 35 hospital and managed care contracts and amendments before the Commissioners in today's closed session as well as several important updates and discussions regarding current hospital and managed care negotiations.

#### **IV. Department of Health Care Services (DHCS) Report**

Toby Douglas, Assistant Deputy Director, Medical Care Services, DHCS, began his report by informing CMAC that DHCS is working closely with the Controller's Office to expedite Medi-Cal payments to institutional providers such as hospitals and skilled nursing facilities.

Mr. Douglas noted that the State had been holding approximately \$1.2 billion intended for these institutions until a budget is passed. Mr. Douglas is hopeful that the Controller's Office can cut these checks over the weekend to be mailed out on Tuesday of next week, instead of the scheduled Thursday. He said that the State is aware that these providers are in a vulnerable position, and that DHCS is doing their best to process these payments as soon as possible.

Regarding the Health Coverage Initiative, part of the Hospital Financing Waiver, Mr. Douglas said that eight of the ten counties are ready to begin enrolling people under the Coverage Initiative beginning September 1, 2007. DHCS continues to wait for final approval from Centers for Medicare & Medicaid Services (CMS) on terms and conditions, but expects to hear from them next week.

In response to a question asked by Commissioner Chan regarding the State Children's Health Insurance Plan (SCHIP), Mr. Douglas explained that CMS still has concerns about the income levels for Medi-Cal participants exceeding 200 percent of the federal poverty level. He noted that DHCS is currently reviewing ways to change the SCHIP bill language.

Regarding the SPA on the cost of physician services, Mr. Douglas informed CMAC that DHCS continues discussions with the federal government regarding a new methodology CMS has proposed for determining allowable physician costs, and that DHCS also continues the process of reviewing the federal proposal with the designated public hospitals. He noted that DHCS has been given additional time to complete the amendment.

Mr. Douglas explained that now that the budget is passed, the Administration is working with the Legislature on moving forward with the Governor's Health Care Reform Proposal.

In response to a question regarding the Governor's Health Care Proposal asked by Commissioner Chan, Mr. Douglas and John Fitzpatrick II, Department of Finance, informed CMAC that the Administration is currently unaware how the new budget will affect healthcare, but will know more in the coming months.

#### **V. New Business/Public Comments/Adjournment**

There being no further new business and no comments from the public, Chair Bennett Warner recessed the open session. Chair Bennett Warner opened the closed session, and after closed session items were addressed, adjourned the closed session, at which time the Commission reconvened in open session. Chair Bennett Warner announced that the

Commission had taken action on hospital and managed care contracts and amendments in closed session. The open session was then adjourned.